January 12, 2004

Notice of corrections to 2003 Form ND-2 instruction booklet: National Guard/Reserve member exclusion for federal active duty

There is an error in the 2003 Form ND-2 instruction booklet. The error pertains to the new compensation exclusion allowed to National Guard and U.S. armed forces reserve members who were called to federal active duty. The error appears on pages 2 and 10 of the booklet where it is stated that the exclusion is for federal active duty service performed *outside North Dakota*. This is incorrect. The exclusion is allowed regardless of where the federal active duty service was performed.

The following shows where the errors appear and the corrections to them:

• Error on page 2 of 2003 Form ND-2 instruction booklet

On page 2 of the 2003 Form ND-2 instruction booklet, in the article "New exemption for National Guard and reserve members," the second sentence reads as follows:

Compensation received for federal active duty service performed outside North Dakota is exempted to the extent it is included in federal taxable income.

Correction: The second sentence should read as follows:

Compensation received for federal active duty service is exempted to the extent it is included in federal taxable income.

• Error on page 10 of 2003 Form ND-2 instruction booklet

On page 10 of the 2003 Form ND-2 instruction booklet, in the instruction for line 22 ("Other subtract adjustments"), the first bulleted paragraph reads as follows:

Compensation received by a National Guard or U.S. armed forces reserve member for federal active duty outside North Dakota. Do not include compensation for attending annual training, basic military training, professional military education, or for voluntary active duty.

Correction: The first bulleted paragraph in the instruction for line 22 should read as follows:

Compensation received by a National Guard or U.S. armed forces reserve member for federal active duty. Do not include compensation for attending annual training, basic military training, professional military education, or for voluntary active duty.

Questions may be directed to:

Individual Income Tax Section
Office of State Tax Commissioner
600 East Boulevard Avenue, Dept. 127
Bismarck. ND 58505-0599

Phone: 701-328-1032 Fax: 701-328-1942

E-mail: individualtax@state.nd.us

North Dakota Office of State Tax Commissioner

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ND-2	Optional								20		00	3				
For 2003 CALENDAR YEAR, or other tax year beginning, 2003, and ending								Your social security number								
If joint return, spous	e's name (First, MI, Last name)					⊣П	<u> </u>		7 - [
Mailing address							┦┺	Spouse's	social s	- L security	numb	er				
City			Ta				JП	bpouse s	Social S		I					
City			State		Zip code		∣╙		Ш	JL						
Filing status used on federal return: (Fill in only one)		2. Married filing5. Qualifying wid			arried filing ter spouse's nan		es	Vere you re stimated feat or 2003?			ax	O Yes O No				
Residency status: (Fill in only one)	1. Full-year resident2. Full-year nonresiden3. Part-year resident	School distric	t code	Incom	e source c	ode ge 8 for codes)		Theck only (See page 8)	if appli	cable:		nended tension				
	outation schedule taxable income from Scho		Schedule 3,	line 29				(A) 1 _							
2. North Dakota	income tax - Use Form N	D-2 Tax Rate Table	e on page 14	4 of instruc	ctions to ca	alculate tax -			2							
3. Credit for inco	ome tax paid to another sta	ate (Attach Schedule	e 4)		(D) 3										
4. Credit for con	tributions to nonprofit pri	vate colleges in ND)		(?) 4										
5. Credit for con	tributions to nonprofit pri	vate high schools in	n ND		(-) 5										
6. Long-term car	re insurance credit				(1L) 6										
7. Other credits (Attach supporting statem	ent)			(1T) 7										
8. Venture capita	al corporation investment	credit			(1K) 8										
9. ND Small Bus	siness Investment Compar	y investment credit	:		(1B) 9										
10. Nonprofit dev	relopment corporation invo	estment credit			(1F)	10										
11. Qualified bus	iness seed capital investme	ent credit			(1M)	11										
12. Net tax liab	oility (Line 2 less lines 3 i	through 11) If less t	han zero, e	nter -0				(E)	12							
13. North Dakota 14. Estimated tax	income tax withheld (Atta	ach supporting W-2 payment on Form	s and 1099. 400-EXT)	s)	(F)	13										
plus overpayn	nent applied from 2002 rea	turn														
	ts (Add lines 13 and 14) _ e nt (If line 15 is greater th								15 _							
line 15, go to	line 21.) If less than s	\$5, enter -0-							16_							
17. Amount of lin	e 16 you wish to apply to	your 2004 estimate	d tax		_ (1Q)	17										
18. Amount of lin	e 16 you wish to contribu	te to the Watchable	Wildlife F	und	. (1P)	18										
19. Amount of lin	e 16 you wish to contribu	te to the Trees For l	ND Progran	n Trust Fu	nd (1D)	19										
20. Refund (Line	e 16 less lines 17, 18, and	$\it 19)$ If less than	\$5, enter	r -0-				(1R)	20 _							
21. Tax due (<i>If i</i>	line 12 is greater than line	e 15, subtract line 1	5 from line	12) If les	ss than s	\$5, enter -	0	(Z)	21_							
	ntribution to the Watchable			line 21)	(1U)	22										
(if tax due on	tribution to the Trees For <i>line 21</i>)	ND Program Trust			(1E)	23										
24. Balance du	e (Line 21 plus lines 22, 2	3, and if applicable	e, 25) Pay to	o: ND Stat	e Tax Con	nmissioner ₋ .			24_							
25. Interest on un	derpaid estimated tax from	n Form 400-UT			- (1C)	25	,									
companying schedules a	es of North Dakota Century Code and statements, has been examined	d by me, and to the best o	f my knowledg	ge and belief is	s a true, corre											
Your signature		Date	Your day	ytime phone	Ir		Tav	Department	IISA OP	lv						
Spouse's signature		<u>'</u>		Date		OPR 🔘	IdX	- epar anent	use UII	• 7						

Attach a complete copy of your 2003 federal income tax return

Signature of paid preparer

Mail to: Office of State Tax Commissioner, 600 E. Boulevard Ave., Dept. 127, Bismarck, ND 58505-0550

EIN/SSN/PTIN

Date

Schedule 2

Schedule North Dakota Office of State Tax Commissioner

Schedule for full-year resident using Form ND-2



2003 Form ND-2

Federal taxable income from line 40 of Form 1040, or line 27 of Form 1040A, or Form 1040EZ, or line K of TeleFile Tax Record (<i>If zero, see page 8 of instructions</i>)			(1	1	
North Dakota additions	(1)	,			
Interest from state and local government obligations (except North Dakota) State and local income taxes from Form 1040, Schedule A, line 5 [However, see	(3)			-	
instructions if line A above exceeds \$139,500 (\$69,750, if married filing separately)]	(L)	3		-	
• Other (See instructions) (Attach supporting statement)		4		-	
• Total additions (Add lines 2, 3, and 4)			(M) 5	
Balance (Add lines 1 and 5)				6	
North Dakota subtractions		_			
Interest from U.S. obligations					
. Military pay exclusion					
Additional military pay exclusion for overseas duty	(2F)	9		_	
. Military retirement pay exclusion	(#)	10_		_	
Income from a federal civil service pension, a North Dakota city firefighter or police officer pension, or the North Dakota highway patrol pension fund	(Q)	11_		-	
. Interest income from sale of land to a qualifying beginning farmer	(2H)	12_		_	
Rental income from leasing of land to a qualifying beginning farmer	(2I)	13_		_	
Gain from sale of land to a qualifying beginning farmer	(2J)	14_		_	
Interest income from North Dakota financial institutions	(2K)	15		_	
• Interest income from sale of a business to a qualifying beginning entrepreneur	(2L)	16 _		_	
Rental income from leasing a business to a qualifying beginning entrepreneur	(2M)	17 _		_	
Gain from sale of a business to a qualifying beginning entrepreneur					
Exclusion for investment in ND venture capital corporation					
• Medical expenses not allowed due to 7.5% of adjusted gross income limitation (Enter smaller of line 1 or line 3, Sch. A, Form 1040)					
Additional exemption: If your Filing Status (at top of Form ND-2) is Married filing jointly, Head of household, or Qualifying widow(er), enter \$300		21		_	
Other (See instructions) (Attach supporting statement)	(T)	22		-	
• Total subtractions (Add lines 7 through 22)) 23	
Balance (Subtract line 23 from line 6)				24	
Federal income tax - see instructions for amount to enter on this line				_	
. Adjusted gross income from line A at top of page (W) 26					
If an entry was made on lines 7 through 18, or line 22, see					
the instructions for the amount to enter on this line. Otherwise, enter amount from line 25 on line 30, and go to line 31					
Subtract line 27 from line 26 28					
North Dakota income ratio (Divide line 28 by line 26 and round to nearest two decimal places. If line 28 equals line 26, enter 1.00)			29	J	
Federal income tax deduction (Multiply line 25 by line 29)				30	
• North Dakota taxable income (Subtract line 30 from line 24) Enter here and on Form				31	